BLL 90 - 2.5

Heidrick and Struggles, Inc.

Mobile Manager 1981

Highlights:

The typical mobile manager in our study

- Has cash compensation of $154,900
- Enjoys more perks than his counterparts of earlier years
- Received an increase of 37 percent in salary and bonus in moving to his new responsibilities
- Has one or more advanced degrees
- Has had three full-time employers
- Regards reduced Federal regulatory activity as the most important government action to improve his company's performance
- Supports Federal assistance to financially troubled corporations when such action is in the national interest
- Believes American business overemphasizes short-term profits

About This Study

In 1981 Heidrick and Struggles conducted its seventh annual survey of individuals whose assumptions of leadership positions in major American business organizations had been announced in the Who's News column of *The Wall Street Journal* during the preceding year. A total of 4,143 individuals were listed during 1980.

All of those included are chairmen and presidents of listed or actively traded unlisted companies, regardless of size, or of privately held companies of at least $100 million volume, or vice presidents of the nation's 500 largest industrial companies and the largest organizations in non-industrial classifications. Executives holding c fficerships in subsidiaries, divisions or units are included only if those businesses merited inclusion on the basis of their size alone.

This year, questionnaires were sent to a sampling of individuals, both those moving within their own organizations (1,806) and moving between companies (545). Responses were received from 971 or 41.6 percent of the sample selected. Where appropriate, comparisons are made between the 1980 respondents and participants of earlier studies.

The typical respondent is a 47-year-old white male Protestant. He is married to his first spouse, who is not employed full-time outside the home. His work affords him above-average pleasure, and he enjoys a high degree of satisfaction with his career progress.

Heidrick and Struggles appreciates the time and effort expended by the mobile executives who have made this study possible.

Cash Compensation, Salary and Bonus

The mobile manager has received steadily increasing cash compensation over the past seven years, as the current dollar data demonstrate. However, his increases have not kept him ahead of inflation by a significant amount. Translating the gains to constant 1974 dollars, the 1980 survey participant is earning only $92,626.

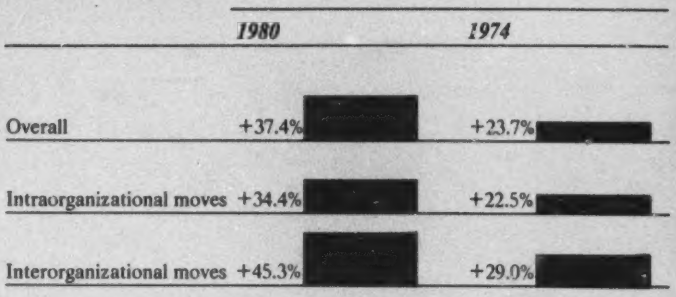
	Current Dollars	*Constant (1974) Dollars*
1980	$154,900	$92,626
1979	134,500	91,254
1978	124,700	94,305
1977	117,200	95,377
1976	105,000	90,956
1975	96,350	88,281
1974	88,010	88,010

Percentage Change, Old to New Compensation

The average percentage increase in cash compensation (salary and bonus) won by mobile executives has advanced over the past seven years. In 1974, the typical manager moving to new responsibilities accelerated his pay by less than 24 percent. Last year, the average respondent enjoyed a gain of more than 37 percent.

In every year, the progress in pay achieved by those moving to new employers has outdistanced that of individuals accepting new positions with their current companies. The margin between the two amounted to 6.5 percent in 1974; last year, the premium for hiring from outside rose to 10.9 percent.

Four in ten of those moving between organizations last year augmented their income by 50 percent or more.



Perquisites

All perquisites for mobile managers but one are growing in frequency, helping highly compensated executives shelter income from taxes. The most widely held perk continues to be stock options. Extra life insurance ranks second in frequency of mentions.

Provision of club memberships is down more than 16 percentage points from 1976, doubtless reflecting closer IRS scrutiny of this perk.

	1980	*1976*
Stock options	72.9%	70.6%
Extra life insurance	67.5	NA
Automobile	60.7	51.1
Club membership(s)	53.2	69.5
Stock purchase plan	40.3	28.7
Deferred compensation	36.9	26.7
Financial counseling	34.0	23.9
Performance shares	27.4	14.5
Management contract	14.5	12.2
Tax shelter investment opportunity	10.5	4.4
Low-cost loans	9.4	NA

Results do not add to 100% due to multiple responses

Highest Level of Education

For the first time, the study of mobile managers shows a majority holding one or more advanced degrees. A positive correlation exists between age group and level of education. The incidence of post-graduate degrees rises to three of four for those under 40.

Most impressive is the rapid rise in popularity of the MBA among advanced degrees. In the current survey, only 11 percent of the managers 60 years of age or more report a master's in business administration. However, nearly half of those under 40 possess an MBA.

	All	*Under 40*	*40-49*	*50-59*	*60 and over*
No degree	5.6%	2.0%	4.0%	8.3%	12.5%
Undergraduate degree	44.1	23.6	45.5	49.7	53.6
MBA	27.8	48.7	31.3	15.7	10.7
Other advanced degrees	22.5	25.7	19.2	26.3	23.2
	100.0%	100.0%	100.0%	100.0%	100.0%

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Geographic Mobility

The number of senior executives indicating they are eager or willing to relocate geographically has decreased sharply in just two years, from 61.2 percent in 1978 to 52.7 percent in 1980. Managers terming themselves reluctant to move have jumped from 35.4 percent to 44.3 percent of total over that brief period.

The majority of this year's survey participants (54.2 percent) have relocated geographically three times or less during the course of their careers. The arithmetic mean number of moves made is 3.7; roughly one in twelve of the mobile managers has moved nine or more times.

	1980	*1978*
Eager to move	1.6%	2.0%
Willing to move	51.1	59.2
Reluctant to move	44.3	35.4
Impossible to move	3.0	3.4
	100.0%	100.0%

Assistance Received in Relocation

Nearly four in ten of the mobile managers have relocated within the last three years alone—17.9 percent with the same employers, and 21.7 percent in joining a new company. In the face of increasing executive resistance to relocation, organizations have utilized a variety of means to ease moves during this period. Eight out of ten mobile managers have had commission and/or closing costs on their homes paid. More than six in ten have received a cash relocation settlement, and 47.2 percent have been provided the services of relocation specialists.

No comparable data are available, since this is the first time the question regarding employer assistance in moves has been asked.

	All	*Interorganizational*	*Intraorganizational*
Commission and/or closing costs paid	80.5%	82.3%	78.9%
Cash relocation settlement paid	65.6	59.5	70.8
Services of relocation specialist provided	47.2	46.5	45.1
Mortgage differential paid	41.1	42.4	40.0
No-cost bridge loan furnished	27.4	28.5	26.5
Low-cost bridge loan furnished	14.9	14.6	15.1
Other	13.4	15.?	13.2

Results do not add to 100% due to multiple responses

Views on Japanese Criticisms of American Business

More than seven out of ten senior managers agree with the Japanese criticism that American business overemphasizes near-term results, and 61.4 percent feel that there is a lack of management attention to quality control in U.S. companies. Not surprisingly, however, an overwhelming majority of the survey participants differ with the Japanese view that our employment system errs in offering neither employer nor employee long-term security. The participants undoubtedly feel that any retardation of career mobility would be inconsistent with a society which since its founding has cherished personal freedom.

	Agree	*Disagree*	*No Opinion*
Overemphasis on short-term profits	76.2%	20.4%	3.4%
Lack of management attention to quality control	61.4	34.3	4.3
Employment system offering neither employer nor employee long-term security	23.0	70.0	7.0

Support for Federal Assistance to Troubled Corporations

A very slight majority of mobile managers approve of Federal assistance to financially troubled corporations "sometimes." In contrast, most of the chief financial officers of major U.S. corporations surveyed earlier this year are unalterably opposed. Six out of ten CFOs say no to any Federal assistance at any time.

Mobile managers and finance function heads approving aid on selected occasions specify the national interest as their reason. Most of the mobile managers who oppose Federal help cite their adherence to free enterprise, as did the CFOs.

	Mobile Managers	*Chief Financial Officers*
Sometimes	50.4%	39.8%
Never	49.1	59.6
Undecided	0.5	0.6
	100.0%	100.0%

Support for Concessions to Troubled Corporate Customers

Survey respondents give overwhelming support for on occasion making special concessions to corporate customers in financial trouble. More than half the participants would support assistance if it were in the long-term interest of the supplier company. The majority of those opposing help believe the aid would extend poor management and cite support for free enterprise. These were the same reasons expressed by chief financial officers of major companies who in an earlier study opposed special assistance to customers in distress.

	Mobile Managers	*Chief Financial Officers*
Always	0.5%	0.9%
Sometimes	80.3	79.5
Never	15.4	15.1
Undecided	3.8	4.5
	100.0%	100.0%

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About Heidrick and Struggles

For more than a quarter century, Heidrick and Struggles has devoted its full resources to helping client organizations in all major industries to locate, evaluate, and attract the highest caliber executive talent. Men and women sought in behalf of client organizations range from candidates for the board of directors and chief executive's post to middle management positions.

As one of the oldest and largest firms devoted exclusively to executive search, Heidrick and Struggles provides access to leading executive markets around the world through ten domestic and seven international offices. The firm's seasoned consultants are supported by the search industry's most comprehensive research and planning operations, the product of more than 25 years of meeting clients' needs for superior performers.

As its contribution to the body of knowledge available to senior management, Heidrick and Struggles periodically publishes profiles of incumbents in key management posts. Corporate board practices are analyzed regularly, along with the backgrounds and viewpoints of newly elected directors.